

What fees can I claim?

You might be surprised to discover which professional fees you can claim as deductions.

FEES TO FINANCIAL PLANNERS.

The fee paid to an investment advisor for the initial drawing up of an investment plan isn't tax deductible but it can be included in the cost base of the investment. Only ongoing fees for monitoring your portfolio are deductible according to Tax Determination 95/60. Some financial planners have a ruling stating that their fees are tax deductible. This ruling is only applicable to fees they personally claim as a tax deduction. You must have a ruling in your own name to be able to claim the fees you've paid. So ask them for a copy of their ruling and quote it in your application. Make sure their ruling correctly describes your circumstances.

BUYERS AGENT.

The fee they charge for finding a property is part of the cost base of the property, so only claimable when the property is sold. If they later help you to manage the property, the fee would be deductible in the year it's incurred. If they organise finance for you that cost can be claimed over five years.

REGISTERED TAX AGENT.

Fees paid to a registered tax agent for taxation advice are always deductible. But this doesn't include the preparation of an investment portfolio by a registered tax agent. The cost of travel to a registered tax agent is also deductible and if you claim car travel on a kilometre basis it doesn't count towards the 5000-kilometre limit.

SOLICITOR'S FEES.

Fees to recover rent or draw up a lease are deductible when incurred. Solicitor's fees relating to the property loan are deductible over five years. Conveyancing costs are included in the cost base of the asset for capital gains tax (CGT) purposes.

BUILDING INSPECTION AND PEST REPORT.

Included in the cost base. Refer Section 110-25 (3) of the Income Tax Assessment Act.

FINANCE BROKER.

Deductible over five years as part of borrowing costs.

VALUATION.

If the valuation is for your peace of mind, fees form part of the cost base under Section 110-25 (3). If it's for the bank then it's a borrowing cost so it can be amortised over five years.

REAL ESTATE AGENT.

The commission you pay on the sale of the property is included in its cost base for CGT purposes. Fees you pay to a real estate agent for managing your property are deductible when incurred.

QUANTITY SURVEYOR (DEPRECIATION) REPORT.

This is a cost of managing your tax affairs so it's deductible in the year it's incurred.

SEMINARS AND PUBLICATIONS.

Tax related books are deductible, as they're to help you manage your taxation affairs and not to provide advice on buying rental properties. Investment magazines such as API and newspapers such as the Australian Financial Review are deductible, providing there's no private use (tax case T96). Less specific publications such as general newspapers are less likely to be deductible because it's difficult to argue that there's no private use. Seminars are only tax deductible if they relate to producing income from the property, so when a seminar teaches you how to find a good property or renovate it you can't claim a deduction against the rent for the cost of the seminar.

If it also covers how to manage the property and how to buy or improve it then you can apportion the expense on the basis of the percentage of time spent on that topic (Interpretative Decision 2003/324). You may be able to include the remaining costs as part of the cost base of a property under Section 110-25(4) or (5) if you can link the seminar to that particular property.

STAMP DUTY.

On the loan it's deductible over five years but stamp duty on the purchase of the property is only included in its costs base.

TRAVEL.

if the professional fee being incurred during the travel is deductible then the travel expenses are too. This can include food and accommodation if you need to sleep away from home but if the trip has a private motive as well the costs need to be apportioned. If the primary purpose of the trip was regarding your rental property then you can claim the cost of travelling there, but if you then go sightseeing you can't claim your meals and accommodation for those days. If the trip has a combined purpose then the costs of getting there are apportioned on a time basis between the deductible purpose and the private purpose.

Note, if you purchased the property after August 20, 1991 and missed out on claiming any of the costs listed above as claimable when incurred you can still claim them in the property's cost base if they relate to the property (Section 110-25 (4)). ^{api}

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